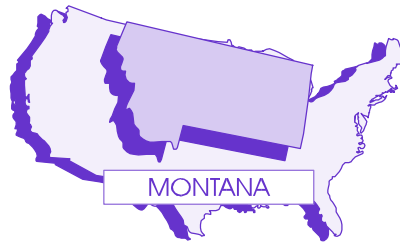


10 Tips For Online Investing

When You Invest Online, Be Sure To:

1. Obtain full disclosure, prior to opening an account, regarding alternatives for buying and selling securities and obtaining account information if you can't access the firm's Web site.
2. Understand that you likely are not linked directly to the market and that the click of your mouse does not instantly execute a trade.
3. Receive information from the firm to substantiate any advertised claims concerning the ease and speed of online trading.
4. Receive information regarding the firm's Web site, including how to proceed during significant outages, delays, and other interruptions to securities trading and account access.
5. Obtain information before trading about entering and canceling orders (market, limited and stop loss) and the details and risks of margin accounts (borrowing to buy stocks).
6. Determine whether you are receiving delayed or real-time stock quotes and when your account information last was updated.
7. Review the firm's privacy and Web site security policies, including whether your name may be used for mailing lists or other promotional activities by the firm or any other party.
8. Receive clear information regarding commissions and fees and conditions that apply to any advertised commission.
9. Know how to, and if necessary, contact a customer service representative with your concerns and request prompt attention and fair consideration.
10. Contact the **Montana State Auditor's Securities Department** to: (a) verify the registration/licensing status and disciplinary history of the online brokerage firm; (b) find out if the investment is permitted to be sold; and (c) file a complaint, if necessary.



John Morrison
State Auditor's Office
Securities Department
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Online Investing Tips



John Morrison
♦ Montana State Auditor ♦
♦ Securities Commissioner ♦

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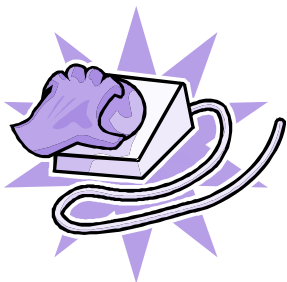
Consider the Source of Any Information You Obtain Online

Some investors use the Internet to conduct relatively simple transactions such as buying and selling stocks, bonds and mutual funds. Others use the Internet to monitor the market, research companies, trade information with other investors and actively trade their portfolios. It can offer simple access to a wealth of reliable information including business and financial publications, annual reports, SEC filings and securities regulators.

However, not all online information is reliable. Online con artists make claims about visiting companies, inspecting mining operations and having personal conversations with company officials. Keep in mind that you may not be able to verify who is making these claims, much less whether the

information is true. Also, it is extremely unlikely that genuine "insider information" would be broadcast online.

Make sure your information comes from a reliable source, and when in doubt, confirm it with a source you know is trustworthy. Don't forget to first make sure that an investment opportunity and the person promoting it are properly registered with the **Montana Securities Department in the State Auditor's Office.**



Anticipate Delays and Breakdowns

When conducting securities trades on a brokerage firm's online website, technical problems may arise that prevent you from accessing the site or that cause significant delays. Discuss with your firm in advance what alternatives are available to you during those times. Always be prepared to use a live broker or a touch-tone telephone system to place orders and get quotes.

Avoid Risky Techniques

Online trading gives you many of the advantages previously enjoyed by professional investors, including unprecedented access to information, analytical tools and other execution capabilities.

These enhanced resources may appeal to people who want to trade on short-term movements in stock prices. This strategy is extremely risky and requires a serious, ongoing time commitment. Day trading, in particular, requires constant monitoring of the markets, often to the exclusion of other activities.

Investors are wise to stay away from thinly-traded, little-known stocks sold strictly on the basis of online hype. Unlike blue chips or stocks with a substantial number of shares available, the price of low-volume stocks can be moved through relatively small strategic trades. Even if the hyped stock starts to edge upward, it may simply be part of the manipulation scheme.

If you did not already employ strategies such as market timing or momentum investing, do not start now merely because you have started investing electronically. Online capabilities might simplify - but should not fundamentally change - the way you invest.

Plan to Deal with Volatile Markets

Sometimes stock prices move so fast that orders to buy or sell lag behind the fluctuations in price. This can create volatility in the market, and the prices you see on your computer screen may not accurately reflect the prices at which shares currently are trading.



Whether conducting simple transactions or actively trading a portfolio, online investors should exercise caution. Online investors also should understand how a brokerage firm executes trade orders and should be familiar with the distinctions between market orders, limit orders and stop orders.

Educate Yourself

The best way to avoid the pitfalls of online investing is to learn all you can about the process and take responsibility for your own results.



The online environment offers excellent tools for investing and often lowers the costs of an investment program. In exchange, it requires that you take an active role in managing your investments and in protecting yourself and your money from scam artists. If you are ready for that challenge, online investing might be an option for you.